Message Text

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PAGE 01 JIDDA 03508 160454Z

13

ACTION AGR-20

INFO OCT-01 NEA-10 ADP-00 EB-11 COME-00 INT-08 TRSE-00

SCEM-02 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 IGA-02

AID-20 SS-15 NSC-10 RSR-01 /114 W ------ 098538

R 160430Z AUG 73 FM AMEMBASSY JIDDA TO SECSTATE WASHDC 4669 INFO AMEMBASSY BEIRUT

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E.O. 11652: N/A TAGS: EAGR. SA

SUBJECT: MINISTRY OF COMMERCE WISHES BUY RICE, WHEAT FLOUR AND WHEAT GRAIN

REF: A. JIDDA 898; B. STATE 41265

- 1. MINISTER OF COMMERCE AL-AWADI YESTERDAY ASKED EMBASSY TO INQUIRE ABOUT POSSIBILITY SAG PURCHASING LARGE QUANTITIES RICE, WHEAT FLOUR AND WHEAT GRAIN OVER PERIOD OF NEXT SEVERAL YEARS. QUANTITIES ESTIMATED AT 100-150 THOUSAND TONS PER YEAR, WHICH MIGHT INCREASE IN THREE YEARS WHEN GRAIN-STORAGE SILOS NOW PLANNED ARE COMPLETED. SAG WOULD WISH PURCHASE RESERVE STOCKS FROM US AT THAT TIME.
- 2. MINISTER STATED THAT GRAIN SPECULATORS HAVE DRIVEN PRICE UP TO ARTIFICALLY HIGH LEVELS AND AS RESULT SAUDI MERCHANTS ARE FORESAKING THEIR TRADITIONAL US SOURCES OF SUPPLY AND GOING ELSEWHERE. SAG PREFERS SEE TRADERS CONTINUE PURCHASE FROM US AND MINISTRY HAS DECIDED MAKE PURCHASES ITSELF FOR RESALE TO LOCAL MERCHANTS IN ORDER INSURE CONTINUING RELATIONSHIP WITH AMERICAN SOURCES AND GOOD PRICE TO LOCAL VENDORS. MINISTER AWARE THAT SINCE FALL CROPS NOT IN, SEASONAL PRICES LIKELY BE HIGHER THAN LIMITED OFFICIAL USE

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PAGE 02 JIDDA 03508 160454Z

USUAL. INITIALLY HE WOULD LIKE PRICE AND AVAILABILITY

INFO ON 20,000 TONS EACH OF ABOVE THREE COMMODITIES.
MINISTER CONDLUDED HIS APPEAL BY SAYING QUOTE THE UNITED STATES NEEDS OIL AND WE SELL IT. SAUDI ARABIA NEEDS GRAIN AND WE HOPE THAT US, TOO, WILL SELL IT END QUOTE.

3. HOPE DEPARTMENT CAN PROVIDE US FAVORABLE BASIS FOR RESPONSE. THACHER $\,$

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Message Attributes

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